

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3410-01
Bill No.: HB 1307
Subject: Children and Minors; Health Care; Insurance - Medical; Social Services Dept.
Type: Original
Date: February 18, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
General Revenue	(\$636,226)	(\$671,034)	(\$718,876)
Total Estimated Net Effect on General Revenue Fund	(\$636,226)	(\$671,034)	(\$718,876)

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>All</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Federal*			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

*Income and costs of approximately \$1,600,000 to \$1,900,000 would net to \$0.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Mental Health (DMH)** state the proposed legislation extends the Children's Health Care Insurance Program (SCHIP) until July 1, 2007 in Subsection 208.631.1. Subsection 208.631.2 extends the definition of SCHIP "children" to include unborn children. The definition for "uninsured children" has been revised to include "...persons up to nineteen years of age who are emancipated and do not have access to affordable employer-subsidized health care insurance or other health care coverage or persons whose parent or guardian have not had access to affordable employer-subsidized health care insurance or other health care coverage for their children..."

DMH assumes the provisions extending the SCHIP program would not create any fiscal impact for DMH. Also, no fiscal impact would be created by the addition of SCHIP coverage for unborn children. Unborn children would not require mental health care. The change in the definition of uninsured children merely clarifies the prior definition and would not have any fiscal impact on DMH.

ASSUMPTION (continued)

Officials from the **Department of Insurance** assume this proposal includes unborn children to the age range of children eligible for the Children's Health Insurance Program and would not fiscally impact their agency.

Officials from the **Department of Health and Senior Services** assume this legislation would not be expected to fiscally impact the operations of their agency and if a fiscal impact were to result, funds to support the program would be sought through the appropriations process.

Officials from the **Department of Social Services - Family Support Division (FSD)** state all children under the age of one that are currently receiving benefits under the MC+ program and whose households have income between 185% and 300% of the Federal Poverty Level would have been eligible prior to birth for benefits under this legislation. Children receiving MC+ with income less than 185% of the Federal Poverty Level would have been eligible for benefits under the Missouri Pregnant Women program and, therefore, not included in these projections of new eligibles. From January to December 2003 there was an average of 202 children monthly under the age of one.

In FY 2003 there was an average of 140 births per month to ineligible aliens of which 50% took advantage of the TEMP program through the local health departments to cover the births of these children (or at least come in and make application). Due to the higher federal match rate for MC+, it is anticipated that 100% of this population would take advantage of the MC+ for Unborn Children coverage under this legislation and be new eligibles. Annual eligibles were calculated as follows:

$$140 \text{ births/month} \times 9 \text{ months} = 1,260 \text{ new applications}$$

FSD projects there will be a total of 1,462 new households completing an application (202 + 1,260). The MC+ caseload is 300 cases. Therefore, FSD will need five additional caseworkers ($1,462 / 300 = 4.87$). The ratio of caseworkers to supervisor is 10:1. Therefore, no additional supervisory staff will be needed. However, one new Clerk Typist II will be needed to provide support staff for the five new caseworkers. Costs shown in the fiscal note are the standard personal services and E & E staff costs.

Oversight has, for fiscal note purposes only, changed the starting salary for FSD positions to correspond to the second step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees for a six month period and the policy of the Oversight Subcommittee of the Joint Committee on Legislative Research.

ASSUMPTION (continued)

Officials from the **Department of Social Services (DOS) - Division of Medical Services (DMS)** assume the proposed legislation is establishing MC+ healthcare coverage to include unborn children. The DMS assumes that the current criteria utilized by the Division of Family Services (DFS) for determining pregnancy will be applied to this population. The fact of pregnancy must be documented by medical diagnosis before the case can be approved for MC+ healthcare coverage. The present length of pregnancy must be determined so that the beginning date of MC+ healthcare coverage can be determined and a priority set for the expected due date. A written statement from the claimant's physician, a registered nurse, or licensed practical nurse may be used to verify pregnancy.

DFS has estimated that 832 children monthly would meet these guidelines for FY 05. The average monthly cost per eligible in FY 03 is \$196. Taking into account the inflation forecast of 4.5% for medical care, the total cost for FY 05 would be \$2,046,720. For FY 06 and FY 07, the number of eligible children was increased by 3% for caseload growth. The same inflation forecast of 4.5% was applied to the second and third years as well. The total cost for FY 06 would be \$2,200,776 and for FY 07, the total cost would be \$2,373,504.

Previous federal SCHIP law provided that FFY 98 and FFY 99 SCHIP funding not spent by states would be redistributed to those states that had spent their entire SCHIP allotment. Missouri received a reallocation of other states' unspent SCHIP funding in 2000 and 2001 in the amounts of \$9,236,141 and \$61,787,064, respectively.

Current federal SCHIP law allows states with unspent SCHIP funding to retain half of their unspent funding and grants an additional two years to expend such funds. Because of the large reallocations mentioned above, Missouri had unspent funding in 2000 and 2001 and was granted extensions in 2002 and 2003 in the amounts of \$28,350,395 and \$11,123,663, respectively.

Assuming such reallocations and extensions are continued in the future, Missouri would have SCHIP funding available for coverage of unborn children. If the federal government stopped granting reallocations and extensions, Missouri would NOT have SCHIP funding available for coverage of unborn children.

DMS assumes 832 new eligibles per month. DMS arrived at this number by taking one-half of the ineligible aliens plus the CHIPS kids with income above 185% of the Federal Poverty Level ($1,260 / 2 = 630 + 202 = 832$). DMS believes one-half of the ineligible aliens are going without service and one-half are already receiving services through the TEMP program and, therefore, do not represent a new cost to DMS. (FSD includes these TEMP eligible in their calculations because these are clients that they do not have any contact with now.)

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
GENERAL REVENUE			
<u>Costs</u> - Department of Social Services - Division of Medical Services			
Program costs	(\$556,503)	(\$598,391)	(\$645,356)
<u>Costs</u> - Department of Social Services - Family Support Division			
Personal Service (6 FTE)	(\$42,577)	(\$42,577)	(\$42,641)
Fringe Benefits	(\$14,331)	(\$17,627)	(\$18,067)
Expense and Equipment	<u>(\$22,815)</u>	<u>(\$12,439)</u>	<u>(\$12,812)</u>
<u>Total Costs - Department of Social Services - Family Support Division</u>	<u>(\$79,723)</u>	<u>(\$72,643)</u>	<u>(\$73,520)</u>
ESTIMATED NET EFFECT TO GENERAL REVENUE	<u>(\$636,226)</u>	<u>(\$671,034)</u>	<u>(\$718,876)</u>
FEDERAL			
<u>Income</u> - Department of Social Services			
Program Reimbursements	\$1,674,743	\$1,789,179	\$1,920,773
<u>Costs</u> - Department of Social Services - Division of Medical Services			
Program costs	(\$1,490,217)	(\$1,602,385)	(\$1,728,148)
<u>Costs</u> - Department of Social Services - Family Support Division			
Personal Service (6 FTE)	(\$89,010)	(\$109,482)	(\$113,220)
Fringe Benefits	(\$36,850)	(\$45,325)	(\$46,459)
Expense and Equipment	<u>(\$58,666)</u>	<u>(\$31,987)</u>	<u>(\$32,946)</u>
<u>Total Costs - Department of Social Services - Family Support Division</u>	<u>(\$184,526)</u>	<u>(\$186,794)</u>	<u>(\$192,625)</u>
ESTIMATED NET EFFECT TO FEDERAL	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Local Government

FY 2005
(10 Mo.)

FY 2006

FY 2007

\$0

\$0

\$0

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

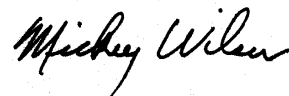
DESCRIPTION

This proposal revises a provision pertaining to an eligibility requirement for the Children's Health Insurance Program. The term "unborn children" is added to the definition for children who are uninsured for the purposes of participating in the program.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Social Services
Department of Health and Senior Services
Department of Mental Health
Department of Insurance



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Director
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